

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4603-02
Bill No.: HCS for HB 1914
Subject: Office of the Public Counsel: Utilities
Type: Original
Date: April 25, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$1,243,830	\$0	\$0
Public Service Commission	(\$1,243,830 to \$1,963,528)	(\$0 to \$741,188)	(\$0 to \$763,424)
Public Counsel	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$0 to \$719,698)	(\$0 to \$741,188)	(\$0 to \$763,424)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Economic Development - Public Service Commission** stated that they would be responsible for calculating the Public Counsel's assessment to individual utility companies, issuing assessment bills, entering Office of the Public Counsel receipts into the cash receipts system, deposit monies collect with the Department of Revenue (DOR), and establish and monitor an accounts receivable ledger. They estimate that it would take 190 hours per year to calculate and process Office of the Public Counsel assessments.

160 hours to figure assessments, issue assessment bills, and monitor accounts receivable ledger x \$16.66 per hour (\$2,666). Fringe benefits would be \$960. 30 hours to enter receipts into cash receipts system and deposit monies with DOR x \$11.57 per hour (\$347.10). Fringe benefits would be \$347. Total costs would be \$4,098.

The more significant impact would be the reduction of the maximum assessment against Gross Intrastate Operating Revenue from .25% to .24%. The maximum assessment for FY 2002 is $.0025 \times \$7,156,000,000 = \$17,890,000$. The maximum assessment under terms of this proposal would be $.0024 \times \$7,156,000,000 = \$17,174,400$. Possible loss to the Public Service Commission Fund would be \$715,600.

Oversight notes that the above numbers are the maximum that may be assessed. Therefore, the fiscal note will show possible effects on the Public Service Commission Fund as a range of \$0 to \$715,600. Oversight assumes the Public Counsel Fund would be billed for cost of administering assessments for that Fund. For fiscal note purposes, it is assumed that the maximum assessment would increase 3% per year.

Officials of the **Department of Economic Development - Office of the Public Counsel** stated that the proposal would shift funding of their agency from General Revenue to the Public Counsel Fund, which the proposal would create.

They also noted that the payments due pursuant to this proposal would not come into the treasury until July 15, 2002. They assume that they could make a short-term loan from the General Revenue Fund to cover Public Counsel costs.

Officials of the **Office of the State Treasurer** stated that they could accomplish duties under terms of this proposal with existing resources.

FISCAL IMPACT - State Government

FY 2003

FY 2004

FY 2005

GENERAL REVENUE FUND

GVB:LR:OD (12/00)

Saving - Department of Economic
 Development: Office of the Public
 Counsel

Personal Service (16 FTE)	\$718,398	\$0	\$0
Fringe Benefits	\$258,695	\$0	\$0
Expense and Equipment	<u>\$266,737</u>	<u>\$0</u>	<u>\$0</u>
Savings Office of the Public Counsel	\$1,243,830	\$0	\$0

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$1,243,830</u>	<u>\$0</u>	<u>\$0</u>
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PUBLIC COUNSEL FUND

<u>Income</u> - Transfer from Public Service Commission Fund	\$1,243,830	\$0	\$0
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Cost - Department of Economic
 Development: Office of the Public
 Counsel

Personal Service (16 FTE)	(\$718,398)	\$0	\$0
Fringe Benefits	(\$258,695)	\$0	\$0
Expense and Equipment	<u>(\$266,737)</u>	<u>\$0</u>	<u>\$0</u>
Cost Office of the Public Counsel	(\$1,243,830)	\$0	\$0

ESTIMATED NET EFFECT ON PUBLIC COUNSEL FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**PUBLIC SERVICE COMMISSION
 FUND**

<u>Cost</u> - Transfer to Public Counsel Fund	(\$1,243,830)		
<u>Loss</u> - Decrease in maximum assessment	(\$4,098 to \$719,698)	(\$0 to \$741,188)	(\$0 to \$763,424)

ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND	<u>(\$1,247,928 to \$1,963,528)</u>	<u>(\$0 to \$741,188)</u>	<u>(\$0 to \$763,424)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small business which are subject to Public Service Commission assessments would be affected by this proposal.

DESCRIPTION

This proposal would require the Public Service Commission to assess regulated public utilities to provide funding for the estimated operating costs of the Office of the Public Counsel. Beginning with the fiscal year commencing on July 1, 2002, the Public Service Commission would assess public utilities annually in proportion to their respective gross intrastate operating revenues for the preceding year.

The total assessment the Public Service Commission could make against regulated public utilities for Public Service Commission and Office of the Public Counsel costs would not exceed 0.24% of the total gross intrastate operating revenues of all regulated utilities. Currently, the assessment can be as much as 0.25%. Utilities could elect to make payments quarterly. At the end of each fiscal year, unused funds would be carried over and applied to reduce the subsequent year's assessment.

The bill contains an emergency clause and certain provisions would expire on July 1, 2003..

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This legislation would affect Total State Revenue.

SOURCES OF INFORMATION

Department of Economic Development
Office of the Public Counsel
Public Service Commission
Office of the State Treasurer

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
April 25, 2002